



Government of
Saskatchewan

Annual Report

1987

Saskatchewan
Milk
Control
Board

FIFTY-THIRD ANNUAL REPORT
FOR THE TWELVE MONTHS
ENDED DECEMBER 31, 1987

SASKATCHEWAN MILK CONTROL BOARD

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SASKATCHEWAN MILK CONTROL BOARD

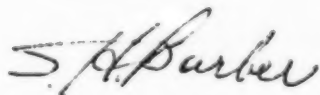
Honourable Grant Devine
President of the Executive Council
Province of Saskatchewan

Sir:

I have the honour to submit herewith the Fifty-Third Annual Report of the Saskatchewan Milk Control Board, together with the financial statements for the year ending December 31, 1987, pursuant to the Provisions of Section 38 of the Milk Control Act.

Respectfully submitted,

THE MILK CONTROL BOARD

A handwritten signature in dark ink, appearing to read "S. H. Barber". The signature is written in a cursive, flowing style.

Stan H. Barber
Chairman

SASKATCHEWAN MILK CONTROL BOARD

BOARD MEMBERS

We are pleased to report on the activities for the year which ended December 31, 1987.

In the following pages, we will list some of the details of the Board's activities during 1987.

CHAIRMAN

Mr. Stan Barber, Regina

BOARD MEMBERS

Mrs. Henrietta Goplen, Saskatoon

Dr. Eiler Humbert, Saskatoon

Mr. Hans Seitz, Zehner

Mr. Ron Steinley, Rush Lake

OBJECTIVES

The Board plays a key role in the establishment and administration of Saskatchewan's dairy policy. It works closely with producers, processors and government agencies to develop policies which meet the needs of the industry, while providing consumers with an adequate supply of good quality milk at a reasonable price. To accommodate this objective, milk production and sales are regulated from the farmer to the consumer.

The legislative framework within which Saskatchewan's dairy industry presently operates dates back to the early 1930's. At that time, milk producers and processors found themselves in a distressing situation.

SASKATCHEWAN MILK CONTROL BOARD

The Milk Control Act was enacted in February, 1935 and the Board appointed in early April of 1935. The Board's initial objective was to eliminate waste and duplication in the matter of milk distribution.

During the past fifty-three years the policies and regulations advanced by the Milk Control Board have become increasingly complex. During this same period the dairy industry has experienced major rationalization and centralization which has resulted in the loss of processing activity and employment in many smaller centres in Saskatchewan.

The Board, which presently consists of five members appointed by the Lieutenant-Governor-in-Council, is responsible for the administration of the Milk Control Act. In the main, the Act empowers the Board to:

- 1) make regulations and orders;
- 2) inquire into any matter relating to production, supply, distribution or sale of milk; and
- 3) conduct hearings in connection with price regulations, use of quotas, granting of licenses, appeals and penalties.

The Board, in carrying out its duties, works closely with Saskatchewan's producers and processors.

INTRODUCTION

The fifty-third year of the Board's operation has again demonstrated the success of regulating the milk supply for domestic requirements. Saskatchewan milk and cream producers matched requirements almost exactly during the 1986-87 dairy year. We acknowledge the efforts of dairy producers and industry personnel in achieving this goal.

SASKATCHEWAN MILK CONTROL BOARD

1987 was a stable year for producer milk pricing in Saskatchewan. The economic pricing formulae used to guide the Board in setting fluid milk prices remained relatively constant. The target price for industrial milk (Federal Returns Adjustment Formula) did not reach the level of 2 percent change during the year, therefore, no price changes occurred in the industrial milk sector. With the stability of producer prices, the consumer price for milk and dairy products overall remained relatively constant.

Fluid milk sales for consumption in Saskatchewan in 1987 reached 101,788,894 litres, an increase of 1.35 percent over the previous year. Domestic consumption of industrial milk, as reported by the Canadian Dairy Commission, increased by 1 percent to 45.3 million hectolitres of milk.

The Canadian Milk Supply Management Committee, which is responsible for the national supply of industrial milk and cream, was able to maintain a balance between production and domestic requirements.

At the beginning of the 1986-87 dairy year, the National Market Share Quota was set at 46.6 million hectolitres, based on estimated domestic requirements of 44.9 million hectolitres and a planned export quota of 1.7 million hectolitres. However, the share of Market Share Quota necessary to meet domestic requirements increased from 44.9 million hectolitres to 45.3 million hectolitres. Although this 1 percent increase reflected stronger domestic demand, the Canadian Milk Supply Management Committee sustained the 1987-88 Market Share Quota at 46.6 million hectolitres. This was achieved by lowering the Special Export Program requirements from 1.7 million hectolitres to 1.3 million hectolitres.

SASKATCHEWAN MILK CONTROL BOARD

At year end, the Canadian Dairy Commission had collected \$238 million in levies from producers, while Canadian Dairy Commission trading losses on all exports amounted to \$225 million, leaving a \$13 million surplus to be carried forward into the 1987-88 dairy year. The 1987-88 inquota levy was reduced by approximately 21 percent because of the budgetary surplus and the projected higher returns from the export of skim milk powder.

During 1987, the Canadian Milk Supply Management Committee established a Study Team, representative of all member provinces, to review and make recommendations regarding provincial market share quota allocations. The Study Team was composed of producers and government representatives who participate in the National Milk Marketing Plan, as well as representatives from Dairy Farmers of Canada and the National Dairy Council. Terms of reference for the Study Team were identified as follows:

- 1) To gain an understanding of the dairy industry in each province or region.
- 2) To determine the importance of the dairy industry in each province from a producer, processor and government point of view.
- 3) To explore particular matters that have been raised recently concerning the Plan - e.g. lack of market orientation, shares of market, flexibility, etc.
- 4) To examine the effectiveness with which milk is produced, processed and marketed in each province and in Canada as required in Section I-6 of the National Milk Marketing Plan.

It was the intent of the Study Team to submit its recommendations to the Canadian Milk Supply Management Committee before the end of the 1987-88 dairy year.

SASKATCHEWAN MILK CONTROL BOARD

PRODUCER POOLS

Now in its thirteenth year of operation, the fluid milk pool continues to function very well. All Saskatchewan milk producers participate in the Group I pool program in an equitable manner. As a Group I pool member, each producer receives annually a daily quota, which is based on his production during the six month quota building period (September 1 to February 28). This quota is the volume for which blend prices are paid.

During 1987, the fluid milk pool purchased approximately \$8.4 million worth of milk each month for a total of \$100.4 million for the year. Table IX outlines the average monthly prices paid to producers for all fluid milk shipments based on milk testing 3.5 percent butterfat.

The trend toward fewer, but larger, milk producers in Saskatchewan continued. There were 702 producers as at August 1, 1987, compared to 734 a year earlier. The distribution of dairy units and quota allocation is depicted in Table I. It should be noted that the average dairy enterprise is comprised of 839 kilograms of daily quota reflecting the production equivalent of approximately 65 to 70 dairy cows.

TABLE I

FARM TYPE AND QUOTA - 1986 AND 1987 (AUGUST 1)

	<u>1986</u>		<u>1987</u>	
	<u>Number</u>	<u>Daily Quota (Kgms.)</u>	<u>Number</u>	<u>Daily Quota (Kgms.)</u>
Single Proprietor	433	656	428	706
Limited Company	57	1,190	59	1,268
Colony	38	991	40	1,092
Partnership	<u>206</u>	<u>890</u>	<u>175</u>	<u>962</u>
TOTAL	734	785	702	839

SASKATCHEWAN MILK CONTROL BOARD

The fluid milk pricing formula continued to be used by the Board as a guide in establishing the price of Class I milk. According to the fluid pricing formula, no price adjustment was warranted during 1987. The last price increase in Class I milk occurred on November 15, 1985. The Board continues to closely monitor the cost of production formula findings to ensure that raw milk prices are kept in line with producer costs.

At the federal level, the Industrial Target Returns Formula (Class II and Class III) did not change during 1987, and therefore, no price adjustment occurred.

MILK PRODUCTION AND UTILIZATION

During 1987, milk producers marketed a total of 218,010,030 kilograms of milk. This represented a 1.8 percent increase from the 1986 level (Table III). The number of milk producers decreased by 2.1 percent from 713 in January, 1987 to 698 in December of 1987.

Class I milk, or milk utilized for fluid milk consumption in 1987, accounted for 101,788,894 kilograms of milk, an increase of 1,352,835 kilograms or 1.35 percent over 1986.

Wholesale milk sales showed a decrease from 55.1 percent to 54.4 percent of sales in 1987, while country sales increased from 33.2 percent to 33.9 percent. Home delivery sales remained relatively constant at 11.7 percent (Table V).

During the 1986-87 dairy year Saskatchewan producers of milk and cream shipped 102.5 percent of the province's share of Canadian domestic requirements. The Board collected a total of \$2,431,718 from all milk and cream producers who overshipped their yearly quota allotments. After meeting the Board's commitments regarding the payment of levies to the Canadian Dairy Commission, the Board was able to refund \$1,782,376 to these producers.

SASKATCHEWAN MILK CONTROL BOARD

Individual milk and cream producers, therefore, received refunds on their overquota production up to and including 105.0 percent of their individual quotas. Overquota penalties collected on shipments in excess of 105.0 percent which totalled \$649,342 were forwarded to the Canadian Dairy Commission.

In August, 1987, the Board allocated all of the province's Market Share Quota to milk and cream producers. Based on production levels from August 1, 1987 to December 31, 1987 and quota allocated to producers, the Board projected that the province's Market Share Quota allotment of butterfat for the 1987-88 dairy year would be fully utilized by approved producers.

TRANSPORTATION

During 1987, the transportation rates per mile remained constant (Table X). The single milk quality standard adopted in 1985 allowed milk transporters to improve their efficiency by minimizing or eliminating double coverage of milk routes. This allowed for gradual changes to larger truck sizes, increased capacity of equipment and shifting of producer routes to achieve optimum utilization of the haulage units. In the year under review, the producer cost to transport the 218 million kilograms of milk marketed amounted to \$4.036 million, or an average cost of \$1.85 per hundred kilograms. This represented an increase of approximately 0.5 percent on the average cost of \$1.84 per hundred kilograms incurred in the previous year. Under the regulations of the pool, producers were charged haulage to the nearest fluid milk processing plant. The transportation cost comparison is depicted in Table II.

The Board acknowledges and appreciates the commitment of bulk milk transporters in achieving an efficient transportation system.

SASKATCHEWAN MILK CONTROL BOARD

TABLE II

TRANSPORTATION VOLUMES AND RATES - 1983 TO 1987

<u>YEAR</u>	<u>VOLUME TRANSPORTED (KGMS.)</u>	<u>AVERAGE RATE PER 100 KGMS.</u>
1987	218,010,030	\$1.85
1986	214,162,415	1.84
1985	203,294,363	1.81
1984	211,189,554	1.78
1983	197,011,016	1.71

NATIONAL DAIRY POLICY

The 1986-87 dairy year was a stable year for the dairy industry. Domestic consumption of dairy products increased slightly compared with the 1985-86 dairy year.

At the beginning of the 1987-88 dairy year the total amount of Market Share Quota allocated to provinces remained unchanged from the 1986-87 level. However, the share of Market Share Quota to meet domestic requirements was increased while the quota allocated for the Special Export Program was reduced. The increase in domestic requirements was attributable to increased consumption of cheese, yogurt and ice-cream which offset declines in butter consumption.

The inquota levy rate was reduced for 1987-88 due to lower carrying charges associated with reduced butter stocks, budgetary surpluses from 1986-87 and anticipated higher returns from the export of skim milk powder. The respective levies for industrial milk for the 1987-88 dairy year were as follows: inquota levy, \$27.68 per hundred kilograms; overquota levy, \$32.57 per hundred kilograms on milk and \$4.00 per kilogram on cream. The "skim-off" levy (collected through a subsidy holdback from fluid shipments) remained unchanged at \$0.29 per hundred kilograms.

SASKATCHEWAN MILK CONTROL BOARD

MILK CONTROL BOARD ACTIVITIES AND FINANCING

During the year under review, Board members held seven regular meetings. In addition, Board members participated in a number of Advisory or Quota Committee meetings, and in meetings with the local dairy organizations.

The Board Chairman, together with members of the Quota Advisory Committee, attended the six meetings of the Canadian Milk Supply Management Committee. The Chairman continued to serve on the Secretariat to the Canadian Milk Supply Management Committee, and also represented Saskatchewan as a member on the Study Committee to review the Federal-Provincial Agreement on milk supply management. The Board gratefully acknowledges the contributions of Committee members, and is appreciative of the advice, support and cooperation extended to it by all sectors of the dairy industry.

The pricing of milk for fluid purposes was a Board responsibility. The Board's primary objective was to provide efficient producers and processors with a fair return to labour, management and investment. The Board utilized a cost of production formula as a guide in decisions related to producer price adjustments.

The Board was engaged in meetings with producers and processors during 1987. After examining the overall status of the industry, the Board determined the prices of milk at the producer, processor and consumer level did not require any adjustments.

The Board's financing was derived from assessment fees levied on producers and processors, processor license fees and interest on investments.

LEGISLATION

During 1987, the Board did not pass any new Board Orders and the Legislative Assembly did not pass any amendments to The Milk Control Act.

THE MILK CONTROL BOARD

FINANCIAL STATEMENTS

Year Ended December 31, 1987

OFFICE OF THE PROVINCIAL AUDITOR

REGINA, SASKATCHEWAN

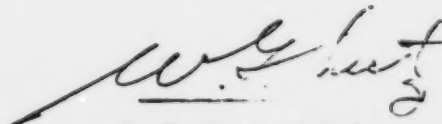
AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of The Milk Control Board as at December 31, 1987 and the statements of revenue, expenditure and operating surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of The Milk Control Board as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied, after giving retroactive effect to the change in accounting for milk pool operations as explained in Note 3 to the financial statements and the change in the fixed asset accounting policy as explained in Note 4 to the financial statements, on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
May 31, 1988.



W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

THE MILK CONTROL BOARD

BALANCE SHEET

As at December 31

	<u>1987</u>	<u>1986</u>
<u>ASSETS</u>		
Current:		
Cash	\$ 490,763	\$ 233,909
Accounts receivable		
- trade (Note 3)	5,751,514	5,415,601
- other	<u>2,772</u>	<u>4,013</u>
	6,245,049	5,653,523
Fixed:		
Office furniture & equipment		
(Notes 1(b), 4 & 5)	<u>6,937</u>	<u>5,505</u>
	<u>\$6,251,986</u>	<u>\$5,659,028</u>
<u>LIABILITIES AND SURPLUS</u>		
Current:		
Accounts payable		
- trade (Note 3)	\$5,779,666	\$5,311,627
- producer refunds (Note 6)	174,995	162,264
- Department of Agriculture (Note 7)	23,520	--
- vacation accrual	19,597	18,420
Deferred government assistance (Note 7)	<u>5,500</u>	<u>7,500</u>
	6,003,278	5,499,811
Equity:		
Operating surplus	<u>248,708</u>	<u>159,217</u>
	<u>\$6,251,986</u>	<u>\$5,659,028</u>

(See accompanying notes to the financial statements)

Statement 2

THE MILK CONTROL BOARD

STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS

Year Ended December 31

	<u>1987</u>	<u>1986</u>
Revenue:		
Milk sold to Processors (Note 3)	\$100,359,605	\$98,066,534
Assessment fees	245,822	242,481
Milk Pool administration fees (Note 3)	240,247	236,008
Interest	77,961	94,803
Milk quality penalties (Note 3)	29,404	31,833
Cost of Production Study grants	24,000	30,000
Licence fees and miscellaneous	<u>912</u>	<u>553</u>
	<u>100,977,951</u>	<u>98,702,212</u>
Expenditure:		
Milk purchased from Producers (Note 3)	100,359,605	98,066,534
Salaries	191,913	190,149
Milk Pool administration expense (Note 3)	95,293	232,088
Cost of Production Study	72,311	75,342
Travel, sustenance and vehicle expense	43,632	36,225
Disposal of unsaleable milk (Note 3)	28,053	4,736
Rent	23,863	20,304
Milk testing and data transfer services	23,520	--
Administrative expense	20,419	17,320
Employee benefits	12,274	12,387
Honorarium - Milk Control Board	8,500	7,200
- Advisory Board	5,600	6,400
Depreciation	3,104	2,197
Overquota levy expenses	<u>373</u>	<u>21,888</u>
	<u>100,888,460</u>	<u>98,692,770</u>
Excess of revenue over expenditure	89,491	9,442
Operating surplus, beginning of year as restated (Notes 3 & 4)	<u>159,217</u>	<u>149,775</u>
Operating surplus, end of year - to Statement 1	<u>\$ 248,708</u>	<u>\$ 159,217</u>

(See accompanying notes to the financial statements)

Statement 3

THE MILK CONTROL BOARD

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31

	<u>1987</u>	<u>1986</u>
Cash provided by (used in) operating activities		
Excess of revenue over expenditure	\$ 89,491	\$ 9,442
Add depreciation not requiring an outlay of cash	<u>3,104</u>	<u>2,197</u>
	92,595	11,639
Net change in non-cash working capital	<u>168,795</u>	<u>(446,926)</u>
Cash provided by (used in) operating activities	261,390	(435,287)
Cash (used in) investing activities		
Acquisition of fixed assets	<u>(4,536)</u>	<u>(2,776)</u>
Net increase (decrease) in cash during the year	256,854	(438,063)
Cash, beginning of year	<u>233,909</u>	<u>671,972</u>
Cash, end of year	<u>\$ 490,763</u>	<u>\$ 233,909</u>

(See accompanying notes to the financial statements)

THE MILK CONTROL BOARD
NOTES TO FINANCIAL STATEMENTS

December 31, 1987

1. Significant Accounting Policies

These financial statements have been prepared in accordance with accounting policies that are considered appropriate for organizations of this type. The significant accounting policies are as follows:

a) Milk Pool

The Milk Control Board is responsible under the statutes of Saskatchewan for the control and regulation of the marketing of milk in the province. In fulfilling this responsibility, the Board operates a milk pooling system whereby the Board purchases the milk from the producers and sells it to the processors. The value of the milk sold to the processors is determined by its final product use and the prices established by the Board. The purchase price paid by the Board is based upon the value of the milk sold to the processors and upon the quality and quantity of milk shipped by the producers.

b) Fixed Assets

Office furniture and equipment is recorded at cost less accumulated depreciation; maintenance and repairs are charged against operations as incurred.

Equipment is depreciated over its estimated useful life on the straight-line method at 20% per annum.

c) Government Assistance

The Board receives grants from the Saskatchewan Department of Agriculture to assist in Cost of Production Studies. This government assistance is recognized as revenue in the period in which the related Cost of Production Study expenses have been incurred.

2. Incorporation

The Milk Control Board was established as a body corporate under The Milk Control Act, Chapter 234, Revised Statutes of Saskatchewan, 1965, and is continued under Chapter M-15, Revised Statutes of Saskatchewan, 1978.

The Board has authority to make any regulations or orders in connection with the production, supply, distribution or sale of milk as it may deem necessary.

3. Milk Pool Operations

The operations of the milk pools were not recognized in the financial statements of prior years. Given the nature of the Board's activities and responsibilities, the financial statements have been retroactively adjusted to include the revenues, expenses, assets and liabilities of the Board's milk pool operations. As a result of this change, the operating surplus at January 1, 1987 has been increased by \$31,783. Of the \$31,783, \$31,017 is applicable to 1986 and is reflected in the excess of revenue over expenditure for that year. The remaining \$766 is applicable to years prior to January 1, 1986. On the balance sheet, the 1986 trade receivables and payables were increased by \$4,975,057 and \$4,943,292 respectively. In 1987, this change has resulted in an increase in the excess of revenue over expenditure of \$146,305 and the 1987 trade receivables and payables were increased by \$5,328,248 and \$5,150,160 respectively.

4. Accounting Policy for Fixed Assets

In 1987, the Board changed its accounting policy for fixed assets to a policy more appropriate for its operations. The previous accounting policy of expensing fixed assets in the year of purchase and of maintaining accountability for these fixed assets by recording them as a balance sheet asset with a corresponding offset to equity in fixed assets has been changed to the policy outlined in Note 1(b) to these financial statements. This change in accounting policy has been applied retroactively and as a result the operating surplus at January 1, 1987 was increased by \$5,505. Of the \$5,505, \$579 is applicable to 1986 and is reflected in the excess of revenue over expenditure for that year. The remaining \$4,926 is applicable to years prior to January 1, 1986. On the balance sheet, the 1986 fixed asset balance was reduced by \$21,950 and the equity in fixed assets balance was reduced to nil. In 1987, the change in policy has resulted in an increase in the excess of revenue over expenditure of \$1,432.

5. Fixed Assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>1987 Net Book Value</u>	<u>1986 Net Book Value</u>
Office furniture and equipment	<u>\$15,522</u>	<u>\$8,585</u>	<u>\$6,937</u>	<u>\$5,505</u>

6. Producer Refund

The Canadian Dairy Commission levy was reduced in January 1988 from \$4.42/hectolitre of milk to \$4.00/hectolitre. The change was made retroactive to August 1, 1987. The excess collected from August 1, 1987 to December 31, 1987 is refundable to the producers and is reflected in accounts payable as at December 31, 1987.

7. Related Party Transactions

(a) Grants

In 1987, the Board received \$22,000 (1986 - \$30,000) from the Department of Agriculture to assist in the costs of the Saskatchewan Dairy Study.

(b) Milk Composition Analysis and Data Transfer Services

In 1987, the Board was billed \$23,520 (1986 - nil) by the Department of Agriculture for these services.

(c) Other

Also included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown-controlled departments, agencies and corporations with which the Board is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

8. Comparative Figures

Certain amounts for the prior year have been reclassified to conform with the 1987 presentation.

TABLE III

**TOTAL WHOLE MILK REQUIREMENTS, NUMBER OF
MILK PRODUCERS AND AVERAGE DAILY PRODUCTION 1986-87 (KGS.)**

<u>PERIOD</u>	<u>YEAR</u>	<u>WHOLE MILK REQUIREMENTS</u>	<u>TOTAL PRODUCTION</u>	<u>NUMBER OF PRODUCERS</u>	<u>DAILY AVERAGE PER PRODUCER</u>
January	1986	8,903,974	17,383,580	750	747
	1987	8,927,082	18,255,706	713	826
February	1986	7,901,605	16,262,186	747	777
	1987	7,952,484	17,111,429	712	858
March	1986	8,167,447	18,663,212	740	813
	1987	8,836,203	19,275,517	709	877
April	1986	8,351,653	18,464,788	736	836
	1987	8,282,506	18,673,508	707	880
May	1986	8,702,196	19,381,640	730	856
	1987	8,427,811	19,278,528	706	881
June	1986	7,721,776	19,123,200	729	874
	1987	8,239,914	18,471,587	702	877
July	1986	7,927,492	18,960,152	726	842
	1987	8,367,284	18,604,095	701	856
August	1986	8,117,573	18,215,908	722	813
	1987	7,804,596	18,418,728	703	845
September	1986	8,564,367	16,832,998	720	779
	1987	8,524,543	17,062,251	701	811
October	1986	9,140,496	16,803,398	719	753
	1987	9,159,565	17,323,784	700	798
November	1986	8,223,155	16,430,110	718	762
	1987	8,401,031	17,123,268	699	817
December	1986	8,714,325	17,641,243	714	797
	1987	8,865,875	18,411,629	698	851
TOTALS	1986	100,436,059	214,162,415	729	804
	1987	101,788,894	218,010,030	704	848
% Change		+1.35	+1.79	-3.55	+5.47

TABLE IV

**COMPARATIVE FIGURES ON KILOGRAMS OF MILK
PRODUCTION AND SALES BY CONTROL AREA - 1985-86-87**

<u>CONTROL AREAS</u>		<u>1985</u>	<u>1986</u>	<u>1987</u>
REGINA ^{1/} _{3/}	PRODUCTION SALES	39,593,559 32,562,008	41,548,841 32,092,929	39,994,225 32,488,770
PRINCE ALBERT	PRODUCTION SALES	6,868,802 6,178,421	7,320,693 6,306,644	7,271,065 6,582,503
YORKTON ^{3/}	PRODUCTION SALES	37,294,882 8,667,403	38,673,392 8,876,016	41,800,251 9,186,239
SASKATOON	PRODUCTION SALES	76,684,452 31,703,609	80,011,574 31,966,620	81,053,934 32,200,119
SWIFT CURRENT	PRODUCTION SALES	21,651,678 4,609,881	23,158,688 4,677,103	24,065,709 4,662,548
BATTLEFORDS	PRODUCTION SALES	8,576,381 4,672,128	10,058,414 4,780,415	10,099,280 4,896,687
WEYBURN	PRODUCTION SALES	2,168,371 2,374,546	2,443,735 2,399,542	2,536,854 2,481,212
ESTEVAN	PRODUCTION SALES	2,497,290 2,180,372	2,503,627 2,184,760	2,640,131 2,147,184
MELFORT	PRODUCTION SALES	4,495,401 3,953,095	4,921,974 4,012,873	4,954,230 4,094,818
LLOYDMINSTER ^{2/}	PRODUCTION SALES	3,463,547 3,188,278	3,521,477 3,139,157	3,594,351 3,048,814
TOTALS	PRODUCTION SALES	203,294,363 100,089,741	214,162,415 100,436,059	218,010,030 101,788,894

^{1/} Includes the control area of Moose Jaw.

^{2/} Lloydminster is not a controlled area but is under the Saskatchewan Fluid Milk Pool.

^{3/} The sales and production for the control area of Melville are included in Regina and Yorkton.

TABLE V

**COMPARATIVE SALES BY LITRES OF MILK AND
CREAM PRODUCTS IN CONTROL AREAS - 1986-87**

<u>PRODUCTS</u>	<u>YEAR</u>	<u>RETAIL SALES (HOME DELIVERY)</u>	<u>WHOLESALE SALES</u>	<u>COUNTRY SALES</u>	<u>TOTAL SALES</u>	<u>%</u>
Whole Milk	1986	2,693,470	11,668,210	8,431,813	22,793,493	23.3
	1987	2,549,484	10,988,691	8,116,494	21,654,669	21.8
Partly Skimmed	1986	7,654,769	35,203,156	20,893,408	63,751,333	65.1
	1987	7,816,830	35,325,978	21,980,316	65,123,124	65.6
Skimmed	1986	932,536	3,810,658	1,493,171	6,236,365	6.4
	1987	1,015,692	4,204,455	1,809,262	7,029,409	7.1
Chocolate	1986	147,329	2,879,286	1,436,451	4,463,066	4.5
	1987	180,761	3,058,678	1,524,495	4,763,934	4.8
Buttermilk	1986	36,550	456,109	249,571	742,230	.7
	1987	37,645	457,768	262,246	757,659	.7
TOTAL MILK SALES	1986	11,464,654	54,017,419	32,504,414	97,986,487	100.0
	1987	11,600,412	54,035,570	33,692,813	99,328,795	100.0
10% Cream	1986	118,915	1,355,336	483,752	1,958,003	
	1987	113,818	1,381,018	498,418	1,993,254	
32% Cream	1986	12,665	479,150	226,257	718,072	
	1987	12,675	510,281	237,860	760,816	

**TOTAL MILK SALES BY DISTRIBUTION OUTLET
1986 - 87**

	<u>1986</u>	<u>%</u>	<u>1987</u>	<u>%</u>
Retail Sales (Home Delivery)	11,464,654	11.7	11,600,412	11.7
Wholesale Sales	54,017,419	55.1	54,035,570	54.4
Country Sales	32,504,414	33.2	33,692,813	33.9
TOTAL SALES	97,986,487	100.0	99,328,795	100.0

TABLE VI

MARKET SHARE QUOTA UTILIZATION BY DAIRY YEAR

MONTH	YEAR	AVERAGE TEST	<u>INDUSTRIAL MILK ^{1/}</u>		<u>INDUSTRIAL CREAM</u>	TOTAL KILOGRAMS BUTTERFAT
			KILOGRAMS MILK	KILOGRAMS BUTTERFAT	KILOGRAMS BUTTERFAT	
August	1985	3.53	8,541,338	301,246	66,634	367,880
	1986	3.47	10,096,239	332,113	63,520	395,633
September	1985	3.69	6,885,703	253,851	68,571	322,422
	1986	3.65	8,276,330	282,012	52,677	334,689
October	1985	3.79	6,520,481	246,865	49,157	296,022
	1986	3.71	7,661,327	262,820	43,825	306,645
November	1985	3.75	6,344,562	237,885	36,844	274,729
	1986	3.70	8,206,426	284,355	29,867	314,222
December	1985	3.65	7,624,624	278,146	32,393	310,539
	1986	3.60	8,931,106	301,593	29,501	331,094
January	1986	3.57	7,970,577	284,347	39,008	323,355
	1987	3.55	9,324,648	310,318	31,929	342,247
February	1986	3.55	7,895,162	280,142	36,606	316,748
	1987	3.55	9,162,088	307,559	32,148	339,707
March	1986	3.54	10,014,879	354,274	41,891	396,165
	1987	3.55	10,427,519	350,251	40,316	390,567
April	1986	3.54	9,617,527	340,377	56,969	397,346
	1987	3.51	10,388,737	346,317	46,189	392,506
May	1986	3.51	10,139,329	355,922	64,154	420,076
	1987	3.47	10,836,896	357,337	50,854	408,191
June	1986	3.40	10,963,809	372,800	65,647	438,447
	1987	3.41	10,241,120	331,395	54,024	385,419
July	1986	3.42	10,583,048	362,235	65,350	427,585
	1987	3.42	10,234,080	332,003	48,864	380,886
TOTALS	1985/86	3.56	103,101,039	3,668,090	623,224	4,291,314
	1986/87	3.55	113,786,516	3,798,073	523,714	4,321,806

^{1/} Includes all milk utilized for industrial purposes.

TABLE VII

SALES OF MILK AND CREAM PRODUCTS IN LITRES IN CONTROL AREAS - 1986-87

	YEAR	WHOLE MILK	PARTLY SKIMMED MILK	SKIM MILK	CHOCOLATE MILK	BUTTER MILK	10% CREAM	32% CREAM	TOTAL LITRES
Regina ^{1/ 3/}	1986	7,194,172	20,038,282	2,360,880	1,495,679	228,041	758,590	205,784	32,281,428
% Change	1987	6,820,759	20,472,765	2,590,175	1,593,106	234,302	753,283	219,683	32,684,073
		- 5.19	+ 2.17	+ 9.71	+ 6.51	+ 2.75	- .70	+ 6.75	+ 1.25
Prince Albert	1986	1,623,233	3,967,251	232,443	284,573	45,741	63,592	39,388	6,256,231
% Change	1987	1,606,380	4,156,108	288,448	326,444	47,761	72,038	42,210	6,539,389
		- 1.04	+ 4.76	+ 24.09	+ 14.71	+ 4.42	+ 13.28	+ 7.14	+ 4.53
Yorkton ^{3/}	1986	2,477,761	5,360,553	434,860	294,228	82,089	204,339	85,066	8,938,896
% Change	1987	2,387,179	5,610,814	539,211	330,521	86,535	214,337	93,341	9,261,938
		- 3.66	+ 4.67	+ 23.99	+ 12.33	+ 5.42	+ 4.89	+ 9.73	+ 3.61
Saskatoon	1986	6,529,582	20,884,039	2,147,997	1,374,413	245,938	696,450	251,530	32,129,949
% Change	1987	6,196,285	21,141,052	2,366,262	1,471,549	243,094	710,005	263,290	32,391,537
		- 5.10	+ 1.23	+ 10.16	+ 7.07	- 1.16	+ 1.95	+ 4.68	+ .81
Swift Current	1986	1,065,020	2,953,048	320,990	180,583	40,648	59,841	37,250	4,657,380
% Change	1987	962,828	2,994,508	358,638	187,810	42,991	61,726	37,805	4,646,306
		- 9.60	+ 1.40	+ 11.73	+ 4.00	+ 5.76	+ 3.15	+ 1.49	- .24
Battlefords	1986	1,280,757	2,986,637	155,771	211,181	29,341	52,522	26,382	4,742,591
% Change	1987	1,235,632	3,009,362	201,609	220,642	30,183	53,895	28,374	4,859,897
		- 3.52	+ 3.44	+ 29.43	+ 4.48	+ 2.87	+ 2.61	+ 7.55	+ 2.47
Weyburn	1986	532,119	1,517,733	140,883	138,287	15,055	30,103	12,195	2,386,475
% Change	1987	514,569	1,579,250	167,611	147,018	15,889	33,200	13,718	2,471,255
		- 3.30	+ 4.05	+ 18.89	+ 6.31	+ 5.54	+ 10.29	+ 12.49	+ 3.55
Estevan	1986	538,008	1,397,031	76,227	111,614	10,042	20,256	10,760	2,163,938
% Change	1987	486,998	1,386,329	105,319	108,592	8,892	19,235	10,544	2,125,909
		- 9.48	- .77	+ 38.16	- 2.71	- 11.45	- 5.04	- 2.01	- 1.76
Neufort	1986	998,310	2,547,667	147,133	189,989	33,665	46,631	34,109	3,997,524
% Change	1987	948,567	2,633,235	178,243	200,941	35,809	47,138	35,640	4,079,573
		- 4.98	+ 3.36	+ 21.14	+ 5.76	+ 6.37	+ 1.09	+ 4.49	+ 2.05
Lloydminster ^{2/}	1986	554,531	2,099,072	219,081	182,519	11,670	25,679	15,598	3,108,150
% Change	1987	495,472	2,059,701	233,893	177,311	12,203	28,397	16,211	3,023,188
		- 10.65	- 1.88	+ 6.76	- 2.85	+ 4.57	+ 10.58	+ 3.93	- 2.73
TOTALS	1986	22,793,493	63,751,333	6,236,365	4,463,066	742,230	1,958,003	718,072	100,662,562
% Change	1987	21,654,669	65,123,124	7,029,409	4,763,934	757,659	1,993,254	760,816	102,082,865
		- 5.00	+ 2.15	+ 12.72	+ 6.74	+ 2.08	+ 1.80	+ 5.95	+ 1.41

^{1/} Includes the control area of Moose Jaw.^{2/} Lloydminster is not a controlled area but is under the Saskatchewan Fluid Milk Pool.^{3/} The sales and production for the control area of Neufort are included in Regina and Yorkton.

TABLE VIII

SALES OF FLUID MILK IN LITRES IN CONTROL AREAS - 1986-87 (WHOLE MILK, PARTLY SKIMMED, SKIM, CHOCOLATE, BUTTERMILK)

	YEAR	1/ ALBERT	2/ PRINCE ALBERT	3/ TONKIN	SASKATOON	SWIFT	BATTLE FORDS	WETURN	ESTEVAN	WELFORD	LLOYD- MINSTER	2/ TOTALS
Jan.	1986	2,012,513	527,397	730,405	2,785,836	392,129	396,839	206,006	199,418	350,104	285,306	8,686,033
	1987	2,792,339	550,913	763,503	2,816,523	384,065	410,127	202,847	183,105	344,643	262,267	8,710,354
% Change		+ .72	+ 4.46	+ 4.53	+ 1.10	- 2.06	+ 3.35	- 1.54	- 8.18	- 1.58	- 8.07	+ .28
Feb.	1986	2,473,601	471,584	674,061	2,489,949	344,010	355,995	181,148	166,703	302,456	249,307	7,708,814
	1987	2,494,109	490,114	685,667	2,491,532	348,309	356,089	181,181	163,062	306,598	234,302	7,761,763
% Change		+ .83	+ 3.93	+ 1.72	+ .06	+ 1.25	+ 2.84	+ .02	- 1.71	+ 1.37	- 6.02	+ .69
Mar.	1986	2,546,270	494,632	679,436	2,580,703	365,812	361,499	187,916	172,795	318,423	260,585	7,968,131
	1987	2,751,909	546,365	760,729	2,785,192	382,339	407,821	206,532	179,479	340,025	283,330	8,623,721
% Change		+ 8.08	+ 10.46	+ 11.96	+ 7.92	+ 4.50	+ 12.81	+ 9.91	+ 3.87	+ 6.78	+ 1.05	+ 8.23
Apr. 1	1986	2,621,661	495,392	709,573	2,612,451	379,716	380,871	189,126	177,727	321,615	257,780	8,145,912
	1987	2,576,701	502,511	712,472	2,587,978	384,126	376,613	194,861	172,409	328,083	243,862	8,079,616
% Change		- 1.71	+ 1.44	+ .41	- .94	+ 1.16	- 1.12	+ 3.03	- 2.99	+ 2.01	- 5.40	- .62
May	1986	2,741,299	527,386	746,178	2,674,700	404,158	396,579	202,079	186,926	341,357	266,377	8,487,039
	1987	2,643,772	529,689	761,559	2,564,653	378,604	394,760	196,726	176,531	333,293	241,566	8,221,153
% Change		- 3.56	+ .44	+ 2.06	- 4.12	- 6.32	- .46	- 2.65	- 5.56	- 2.36	- 9.31	- 3.13
June	1986	2,389,606	498,490	684,542	2,344,593	361,674	367,202	182,230	157,332	305,636	242,933	7,534,238
	1987	2,543,266	540,937	746,331	2,489,605	378,390	401,131	208,139	162,752	329,512	240,739	8,040,844
% Change		+ 6.43	+ 8.52	+ 9.03	+ 6.18	+ 4.62	+ 9.25	+ 14.22	+ 3.44	+ 7.81	- .91	+ 6.72
July	1986	2,420,146	515,213	702,482	2,387,872	377,104	408,874	201,298	161,326	317,959	243,351	7,735,625
	1987	2,541,875	571,542	761,936	2,499,120	389,071	432,458	216,528	165,944	339,701	242,085	8,166,758
% Change		+ 5.03	+ 10.93	+ 9.32	+ 4.66	+ 3.17	+ 5.77	+ 7.56	+ 2.86	+ 6.84	- .52	+ 5.57
August	1986	2,506,271	527,132	721,442	2,446,530	389,376	400,740	199,153	173,723	315,852	240,385	7,920,604
	1987	2,404,978	522,132	707,242	2,347,304	360,327	374,137	197,100	164,246	306,516	229,377	7,615,819
% Change		- 4.04	- .88	- 1.97	- 4.06	- 7.46	- 6.64	- .99	- 5.46	- 2.32	- 4.58	- 3.85
Sept.	1986	2,683,235	516,186	729,238	2,691,328	384,488	392,523	198,032	177,241	326,666	256,920	8,355,867
	1987	2,688,959	523,535	765,382	2,610,195	376,727	394,756	201,006	179,181	330,516	248,491	8,318,746
% Change		+ .21	+ 1.38	+ 4.96	- 3.01	- 2.02	+ .57	+ 1.50	+ 1.09	+ 1.18	- 3.28	- .44
Oct.	1986	2,827,795	550,620	786,804	2,897,576	410,112	418,539	209,090	194,131	357,112	267,405	8,919,184
	1987	2,893,398	562,950	773,540	2,869,420	401,972	414,436	213,184	190,374	354,647	265,473	8,939,394
% Change		+ 2.32	+ 2.24	- 1.69	- .97	- 1.98	- .98	+ 1.96	- 1.94	- .69	- .72	+ .23
Nov.	1986	2,602,954	493,034	711,397	2,575,139	356,408	370,896	184,670	178,110	312,288	238,392	8,023,288
	1987	2,629,252	526,715	712,356	2,641,145	366,991	379,436	195,061	170,734	326,950	251,031	8,201,595
% Change		+ 1.01	+ 6.83	+ .13	+ 2.56	+ 2.97	+ 2.31	+ 5.63	- 4.14	+ 5.30	+ 5.30	+ 2.22
Dec.	1986	2,691,703	536,175	773,933	2,695,293	395,232	413,130	203,429	187,490	346,612	258,132	8,501,129
	1987	2,750,549	557,549	797,543	2,715,573	395,854	425,598	211,094	187,513	352,411	256,037	8,649,530
% Change		+ 2.19	+ 3.95	+ 3.05	+ .75	+ .16	+ 3.02	+ 3.77	+ .01	+ 1.67	- .81	+ 1.75
TOTALS	1986	31,317,054	6,153,241	8,649,491	31,181,970	4,560,289	4,663,687	2,344,177	2,132,922	3,916,160	3,066,873	97,985,864
	1987	31,711,107	6,425,141	8,954,260	31,418,242	4,546,775	4,777,428	2,424,337	2,096,130	3,996,795	2,978,580	99,328,795
% Change		+ 1.26	+ 4.42	+ 3.52	+ .76	- .30	+ 2.44	+ 3.42	- 1.72	+ 2.06	- 2.88	+ 1.37

1/ Includes the control area of Moose Jaw.

2/ Lloydminster is not a controlled area but is under the Saskatchewan Fluid Milk Pool.

3/ The sales and production for the control area of Melville are included in Regina and Yorkton.

TABLE IX

THE AVERAGE MONTHLY MILK POOL PRICE - 1986-87 ^{1/}
(PER HUNDRED KILOGRAMS OF 3.5% BUTTERFAT)

MONTH	Group I Pool			Group II Pool		
	1986	1987	% CHANGE	1986	1987	% CHANGE
January	\$47.24	\$47.36	.3	\$39.06	\$39.77	1.8
February	46.99	47.18	.4	39.09	39.74	1.6
March	46.43	47.19	1.6	39.09	39.68	1.5
April	46.77	46.95	.4	39.08	39.65	1.4
May	46.76	46.84	.2	39.09	39.61	1.3
June	45.98	46.91	2.0	39.04	39.49	1.1
July	46.09	46.87	1.7	39.09	39.47	1.0
August	46.44	46.38	- .1	39.27	40.22	2.4
September	47.51	47.37	- .3	39.73	40.48	2.0
October	47.84	47.74	- .2	39.77	40.69	2.3
November	47.23	47.30	.1	39.84	40.72	2.2
December	47.29	47.26	- .1	39.77	40.55	1.9
YEARLY AVERAGE	46.88	47.11	.5	39.33	40.01	1.7

^{1/} Price includes subsidies less inquota levies and skim off levy.

TABLE X

SCHEDULE OF BASIC TRANSPORTATION CHARGES
BASED ON PRODUCER MONTHLY PRODUCTION

<u>KGS. PRODUCED MONTHLY</u>	<u>PRODUCER ^{1/} BASIC RATE 1987</u>
Min. Charge - 9,000	\$1.302
9,001 - 13,600	1.275
13,601 - 18,100	1.249
18,101 - 22,600	1.209
22,601 - 27,200	1.195
27,201 - 31,700	1.182
31,701 - 36,200	1.169
36,201 - 40,800	1.156
40,801 - 45,300	1.142
45,301 - 49,900	1.129
49,901 - 54,400	1.117
54,401 - 58,900	1.102
58,901 - 63,500	1.089
63,501 - 68,000	1.076
68,001 - 72,600	1.062
72,601 - 77,100	1.050
77,101 - 81,600	1.036
81,601 - 86,200	1.009
86,201 - and over	1.009

Distance to be based on the air kilometers between the producer and the nearest processor.

^{1/} A kilometer rate of 1.27¢ (.0127) per kilometer per 100 kilograms.